



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Stephen M. Haase

SUBJECT: COYOTE VALLEY SPECIFIC
PLAN PROGRESS REPORT #2

DATE: January 14, 2005

Approved

Kay Winer

Date

1/14/05

Council District: 2
SNI Area: N/A

RECOMMENDATION

It is recommended that the City Council accept the Second Progress Report from the Coyote Valley Specific Plan Task Force on the draft Land Use Plan Concept for a new Coyote Valley community.

BACKGROUND

In August 2002, the Mayor and City Council initiated the preparation of a specific plan for the 7,000-acre Coyote Valley, located in the southern reaches of the City of San Jose. Consistent with the San Jose 2020 General Plan, the Coyote Valley Specific Plan (CVSP) envisions a vibrant, urban, mixed use, transit-oriented, and pedestrian friendly community for the North and Mid-Coyote area (3,400 acres). The 3,600-acre South Coyote Valley area is intended to be a permanent, non-urban buffer between the San Jose and Morgan Hill.

At the time of the Plan's initiation, the City Council appointed a 20-member Task Force and adopted a vision statement with sixteen expected outcomes. The Task Force, co-chaired by Mayor Ron Gonzales and Councilmember Forrest Williams, guides the preparation of the Coyote Valley Specific Plan. The Task Force includes Supervisor Don Gage, property owners, labor and business interests, environmental advocates, and other stakeholders (see page 16 of the attached report for a complete roster). The Council's Vision and Expected Outcomes can be found on page 4 of the attached report.

The Specific Plan effort is being led by City Planning staff and a consultant team headed by the Dahlin Group and KenKay Associates. Other members of the consultant team include Economic



& Planning Systems, HMM Engineers, David J. Powers & Associates, Wetlands Research Associates, Schaaf & Wheeler, ENGEO, Hexagon, Basin Research, Lowney Associates, SAGE, and Apex Strategies.

On September 21, 2004, the City Council accepted the First Progress Report on the Coyote Valley Specific Plan and reaffirmed the Council's Vision and Expected Outcomes. The First Progress Report focused on a Composite Infrastructure Framework based on the area's environmental conditions. The Framework includes public transit, a restored Fisher Creek, a 50 plus-acre lake, and parkway road system. Together, these individual elements are the structure for a new community of mixed uses and distinct neighborhoods. At that time, the Council requested that the Framework remain flexible to consider alternatives due to cost concerns.

ANALYSIS

Since the First Progress Report, the Planning Team has prepared a Land Use Plan Concept, estimated preliminary infrastructure costs, and determined overall financial feasibility. The development of the Plan Concept is based on many meetings and discussions with the Task Force, Technical Advisory Committee, technical subcommittees, general community, focus groups, Coyote Valley property owners, and other interested individuals and groups. The Plan Concept is described in the attachment, Coyote Valley Specific Plan Progress Report #2.

The Plan Concept identifies a variety and range of opportunities for new workplaces; mix of housing types, tenancies and prices; shopping; parks and recreation; schools and other community facilities. The land uses are organized around a slightly modified Composite Infrastructure Framework, which more efficiently locates the parkway road and reduces the size the lake. This more cost-efficient approach is in direct response to the Council's comments in September.

The land uses are carefully integrated into a fine grain of mixed-use neighborhoods that are walkable, connected to transit and amenities within the community and to the surrounding natural environment. This Plan Concept is unique and proposes a vision for a "model" community based on the best principles for a "new urban lifestyle" while fitting into and respecting the beauty and natural resources of Coyote Valley.

Not only is this Plan Concept forward thinking, it is practical as well. City policy generally requires all new development to "pay its own way." The City Council has directed that the Coyote Valley Specific Plan be realistic, and financially feasible for private development. A preliminary cost estimate of the required infrastructure elements (e.g., transportation, flood control, water supply, etc.) has been completed for the Land Use Plan Concept. Table 1, on the next page, outlines the preliminary total infrastructure costs and the portion that is estimated to be borne by private development. These estimates are conservative, assuming a high contingency.

Table 1
Summary of Preliminary Infrastructure Costs

Item	Estimated Total Infrastructure Costs	Estimated Project-Funded Infrastructure Costs (1)
Transportation	\$493,306,000	\$447,814,000
Sewer System	30,437,000	30,437,000
Water System	189,145,000	82,203,000
Storm Drainage	142,967,000	142,967,000
Utilities	18,073,000	18,073,000
Coyote Valley Research Park	37,400,000	37,400,000
Parks and Schools	475,000,000	475,000,000
Public Facilities (2)	25,000,000	25,000,000
Greenbelt Preservation (3)	15,000,000	15,000,000
Public Land Acquisition (4)	50,000,000	50,000,000
Public Financing Costs (5)	191,923,000	172,106,000
Estimated Total Costs	\$1,668,251,000	\$1,496,000,000

- (1) Total costs are reduced by estimated contribution from outside financing sources.
 (2) Preliminary estimate of fire, police and library facilities, subject to formulation of a service plan.
 (3) Preliminary estimate of greenbelt land/easement acquisition.
 (4) Land acquisition estimate of net additional costs above dedications, for preliminary feasibility purposes.
 (5) Equal to 13% of total infrastructure costs (10% reserve fund and 3% transaction costs).

Sources: HMM Engineers; Dahlin Group; Economic & Planning Systems, Inc.

With the preliminary cost estimate, the team's economist, Economic & Planning Systems (EPS) analyzed the financial feasibility of the Plan Concept on an overall basis (see Table 2). EPS found that the value of the Plan Concept's new development (i.e., housing, businesses, etc.) is sufficient to cover the infrastructure costs. Therefore, the Plan Concept is financially feasible based on the preliminary cost and value estimates. More detailed work will be done going forward to develop the specific phasing and financing programs needed to implement the Plan.

Table 2
Preliminary Feasibility Measures

Category	Total Project-Funded Costs Per Acre	Improved Land Value per Acre Required to Achieve 3: 1 Ratio (1)	Estimated Current Market Value per Acre
Residential	\$850,000	\$2,550,000	\$2.0 - \$ 2.6 million
Mixed Use	\$661,000	\$1,983,000	\$1.6 - \$ 2.1 million
Commercial	\$205,000	\$615,000	\$610,000 - \$ 870,000
Entire Project Average	\$664,000	\$1,992,000	N/A (2)

- (1) Provided as a general measure of project feasibility. City policy requires a 4:1 ratio for bond issuance, which will likely be used to fund a portion of the costs.
 (2) Market value for the entire project is dependent on a number of factors, including phasing, and cannot be estimated at this time.

Source: Economic & Planning Systems, Inc.

At its January 10, 2005 meeting, the Task Force reviewed and discussed the preliminary cost estimate, overall financial feasibility, and a draft of the Second Progress Report. Task Force members acknowledged that the costs are high; however, they agreed that for the size of the plan area and its development potential, the costs and the feasibility measures were reasonable at this stage of conceptual planning. By motion and unanimous support, the Task Force voted to recommend to the City Council that the Coyote Valley Specific Plan process continue to move forward based on the Plan Concept, recognizing that the Plan can still be adjusted in response to refined cost or other information.

CONCLUSION

The Land Use Plan Concept is only a concept, subject to change during the rest of the Specific Plan process. The specific land uses and densities are likely to change as the Task Force and community consider more detailed fiscal, financial, and environmental analyses. The importance of having the City Council accept the Plan Concept is that it is needed as a starting point for these analyses. The more detailed questions, that are important to the Task Force, Council, and other stakeholders, cannot be answered unless we have a starting point.

Council acceptance of the Second Progress Report would initiate the preparation of the detailed documents associated with the Coyote Valley Specific Plan, including:

- Specific Plan
- Zoning Code
- Design Guidelines
- Fiscal Impact Analysis
- Financing Strategy
- Environmental Impact Report

PUBLIC OUTREACH

The Coyote Valley Specific Plan effort involves extensive community outreach as well as discussions with many other governmental agencies. The public outreach process is described in the attached report on page 7 under "Community Involvement." Public agency participation is described on page 16 and identified under "Acknowledgements" on the back cover of the report.

COST IMPLICATIONS

Pursuant to City Council direction in 2003 that new long range planning activities need to be funded from external sources, the Coyote Valley Specific Plan effort is entirely funded by a group of property owners represented by the Coyote Housing Group, LLC, and has no impacts on the City's General Fund.

COORDINATION

The preparation of this memorandum was coordinated with the City Attorney's Office. The Specific Plan effort involves multiple City Departments and outside agencies, as described in the attached report.

CEQA

Exempt, PP03-11-366.

 *Laurel Prevetti*
STEPHEN M. HAASE, DIRECTOR
Planning, Building and Code Enforcement

Attachment:
Coyote Valley Specific Plan, Progress Report #2